

Minutes: SST Mitigation Advisory Committee Meeting

Meeting purpose

This annual meeting of the SST Mitigation Advisory Committee was held to discuss the suggested adjustments to the mitigation calculation as a result of business issues brought forth by the jurisdictions and the Department of Revenue and to have the Committee decide whether the adjustments would be included in the mitigation calculation.

Date, time, and place

Date: Wednesday, June 27, 2012

Time: 10 a.m.

Place: Department of Revenue, 1025 Union Avenue SE, Olympia, WA

Attendees

Bob Nachlinger, City of Kent
Lyman Howard, City of Sammamish
Sheila Gull, AWC
Lorrie Brown, OFM
Danielle L

Doug Levy, Lobbyist for Cities of Kent, Everett, Federal Way, Renton, Puyallup, and Redmond
Megan Howie, for Gordon Thomas

DOR Staff - Kim Davis, Don Gutmann, Beth Leech, Valerie Torres, Bob Petteys, Larry Schmitt

Topics discussed

The table below identifies the topics discussed in the meeting and the person who led each discussion.

Topic	Discussion Leader
Introduction, Purpose of the Annual Meeting	Don Gutmann
Adjustments to the Mitigation Data	Valerie Torres
Discuss Timeline for 2013 Annual Review	Beth Leech
2011-2013 Biennial Budget and 3.4 Reduction	Don Gutmann
Next Annual Meeting	Don Gutmann

Adjustments to the mitigation data**Adjustments brought forth by jurisdictions**

One jurisdiction submitted information regarding 14 businesses during the 2012 review period for which the jurisdiction believed there were issues regarding the change to destination-based sales tax. The Department

completed a review of the businesses and found:

- Three were open during the comparison period, but have since closed.
- Six businesses correctly made the changes.
- Five businesses need adjustment.

The five businesses needing adjustments made approximately \$27 million in taxable retail sales in FY2009.

DOR Recommendations

The Department recommends adjusting the calculation for the five businesses. The jurisdictions who will mainly be impacted have been contacted. This has the potential to significantly decrease the payment of one jurisdiction and may cause one jurisdiction to receive a payment that has not in the past. The first payment impacted by these adjustments will be in December 2012. The updated annual numbers will be made available in late August.

Bob made a movement to accept the recommendation. Lyman seconded the recommendation. No objections were made.

Timeline for 2013

Beth explained discussed the 2013 Review Schedule for 2014 payments.

- The Department of Revenue will provide the finalized annual business-level detail data to local jurisdictions by the end of August 2012.
- Local jurisdictions need to review the data and send any questions about businesses to DOR by the end of April 2013.
- The Department will review any submissions, contact the businesses, and categorize any possible adjustments by the end of June 2013.
- The annual meeting will be held in early July 2013. At the meeting any adjustments will be reviewed by the committee and will be approved or disapproved.
- If there are adjustments to be made, DOR will provide the updated gain/loss amounts to the local jurisdictions by the end of August 2013.
- DOR will calculate the first payment based on the annual gain/loss amounts by December 2013.

2012-2013 Biennial Budget & 3.4 percent reduction

The FY2012 fourth quarter SST mitigation payments (June 2012) will be reduced, it will include the entire year's reduction for jurisdictions receiving a payment. For FY2013, the 3.4 reduction will be reflected in each quarterly payment. The reduction may cause some jurisdictions to fall below the \$25 payment threshold. The last payment impacted will be in June 2013.

Next annual meeting

We are aiming to hold the next meeting via teleconference and in late June or after July 4.

Other issues

Doug asked: Has the Department received any direction from OFM regarding preparation for funding?

Don responded: We have not received any new information. It was a topic during the 2012 session, but the Legislature has fully funded mitigation thus far.

Bob commented: Department's FY budget crosses the city budget so the 3.4 reduction causes a larger impact this fiscal year than next.

Sheila asked: Has there been a growth in voluntary compliance?

Valerie replied: It has been slow but steady.

Don added: The total state and local collections from voluntary compliance is about \$6 million per year.

Doug recommended: Have DOR put the background of SST on the DOR website. (chronological/synopsis)

It was suggested that SST training/presentations be made at WFOA (Washington Finance Officers Association).

Questions

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**Meeting
minutes**

The meeting minutes are submitted by Patty Concepcion.
